Annex E

TABLE 1: REQUIREMENTS SHIFTED FROM CODE TO SGX LISTING RULES

Requirement		Reference in current Code
(i)	Incoming directors should receive comprehensive and tailored induction on joining the board.	Guideline 1.6
(ii)	Independent directors should make up at least one-third of the board.	Guideline 2.1
(iii)	The board should identify in the company's Annual Report each director it considers to be independent.	Guideline 2.3
(iv)	The following tests of independence where directors will not be regarded independent:	
	• A director being employed by the company or any of its related corporations for the current or any of the past three financial years	Guideline 2.3(a)
	• A director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the remuneration committee	Guideline 2.3(b)
	• A director who is a 10% shareholder or an immediate family member of a 10% shareholder of the company (Modified to substantial shareholder; please refer to Paragraphs 4.4 to 4.7 on Council's recommendation on the shareholder threshold)	Guideline 2.3(e)
(v)	The independence of any director who has served on the board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the board should also take into account the need for progressive refreshing of the board. The board should also explain why any such director should be considered independent. (Modified to nine year limit on tenure of IDs / two-tier voting process for appointment of IDs beyond nine years; please refer to Paragraphs 4.8 to 4.16 on Council's recommendation on the 9 year limit on directors' independence)	Guideline 2.4

(vi)	The board should disclose the relationship between the Chairman and the CEO if they are immediate family members	Guideline 3.1
(vii)	The board should establish a Nominating Committee, Remuneration Committee and Audit Committee, with written terms of reference which clearly sets out the authority and duties.	Guidelines 4.1 and 7.1, and Principle 12
(viii)	All directors should submit themselves for re-nomination and re-election at least once every three years.	Guideline 4.2
(ix)	Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its related corporations, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments, should be disclosed in the company's Annual Report. (Modified such that disclosure does not need to be in the Annual Report)	Guideline 4.7
(x)	The board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. (Modified to include additional requirement for disclosure of company’s weaknesses and steps to address these)	Guideline 11.3
(xi)	The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits. (Modified to include additional requirement for disclosure of Audit Committee’s opinion)	Principle 13
(xii)	Where dividends are not paid, companies should disclose their reasons.	Guideline 15.5

TABLE 2: REQUIREMENTS REMOVED FROM CODE

Requirement		Reference in current Code
(i)	Companies are encouraged to amend their Articles of Association (or other constitutive documents) to provide for telephonic and video-conference meetings.	Guideline 1.4
(ii)	Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	Guideline 1.7
(iii)	As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	Guideline 9.3
(iv)	The board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	Guideline 10.2
(v)	Management should provide all members of the board with management accounts and such explanation and information on a monthly basis.	Guideline 10.3
(vi)	The duties of the Audit Committee should include reviewing the scope and results of the external audit.	Guideline 12.4(d)
(vii)	The board should disclose in the company's Annual Report measures taken by the AC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	Guideline 12.8
(viii)	The Internal Auditor would also report administratively to the CEO.	Guideline 13.1
(ix)	The internal audit function can be in-house, outsourced to a reputable accounting/auditing firm or corporation, or performed by a major shareholder, holding company or controlling enterprise with an internal audit staff.	Guideline 13.2
(x)	Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right	Guideline 14.1

	to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares. *[Currently also in SGX LR 703(1)(b)]*	
(xi)	Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	Guideline 14.3
(xii)	Companies should disclose information on a timely basis through SGXNET and other information channels. *[Currently also in SGX LR 704(a)]*	Guideline 15.2
(xiii)	Where there is inadvertent disclosure made to a select group, companies should make the same disclosure publicly to all others as promptly as possible. *[Currently also in SGX LR704(a)]*	Guideline 15.2
(xiv)	In particular, the Chairman of the board and the respective Chairman of the AC, NC and RC should be present and available to address shareholders' queries at these meetings.	Guideline 16.3
(xv)	Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling. *[Currently also in SGX LR 730A]*	Guideline 16.5

TABLE 3: REQUIREMENTS SHIFTED FROM CODE TO PRACTICE GUIDANCE

Requirement		Reference in current Code
(i)	The board's role is to: (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives; (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets; (c) review management performance; (d) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation; (e) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.	Guideline 1.1
(ii)	Details on tests of director independence: (c) a director, or an immediate family member, accepting any significant compensation from the company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service; (d) a director: (i) who, in the current or immediate past financial year, is or was; or	Guideline 2.3(c), (d) and (f)

	(ii) whose immediate family member, in the current or immediate past financial year, is or was, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant; (f) a director who is or has been directly associated with a 10% shareholder of the company, in the current or immediate past financial year.	
(iii)	Non-executive directors should: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.	Guideline 2.7
(iv)	The Chairman should: (a) lead the board to ensure its effectiveness on all aspects of its role; (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) promote a culture of openness and debate at the board; (d) ensure that the directors receive complete, adequate and timely information; (e) ensure effective communication with shareholders;	Guideline 3.2

	(f) encourage constructive relations within the board and between the board and Management; (g) facilitate the effective contribution of non-executive directors in particular; and (h) promote high standards of corporate governance. The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of a Chairman.	
(v)	Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director.	Guideline 4.2
(vi)	Boards should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.	Guideline 4.5
(vii)	Such performance criteria, which allow for comparison with industry peers, should be approved by the board and address how the board has enhanced long-term shareholder value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the board to justify this decision.	Guideline 5.2
(viii)	Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the board and board	Guideline 5.3

	committees, and any other duties). The Chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the board or seek the resignation of directors.	
(ix)	Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.	Guideline 6.2
(x)	The role of the company secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the company secretary's responsibilities include ensuring good information flows within the board and its board committees and between Management and non-executive directors, advising the board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.	Guideline 6.3
(xi)	The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.	Guideline 7.2
(xii)	If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors.	Guideline 7.3
(xiii)	It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive directors' and key management personnel's performance.	Guideline 8.1
(xiv)	Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC should review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be	Guideline 8.2

	carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.	
(xv)	The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.	Guideline 8.3
(xvi)	This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).	Guideline 9.1
(xvii)	There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	Guideline 9.2
xviii)	There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	Guideline 9.3
(xix)	The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.	Guideline 9.5

(xx)	The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems.	Guideline 11.3
(xxi)	The AC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.	Guideline 12.3
(xxii)	The AC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the company, the AC should keep the nature and extent of such services under review, seeking to maintain objectivity.	Guideline 12.6
xxiii)	The internal audit function should be staffed with persons with the relevant qualifications and experience.	Guideline 13.3
xxiv)	The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	Guideline 13.4